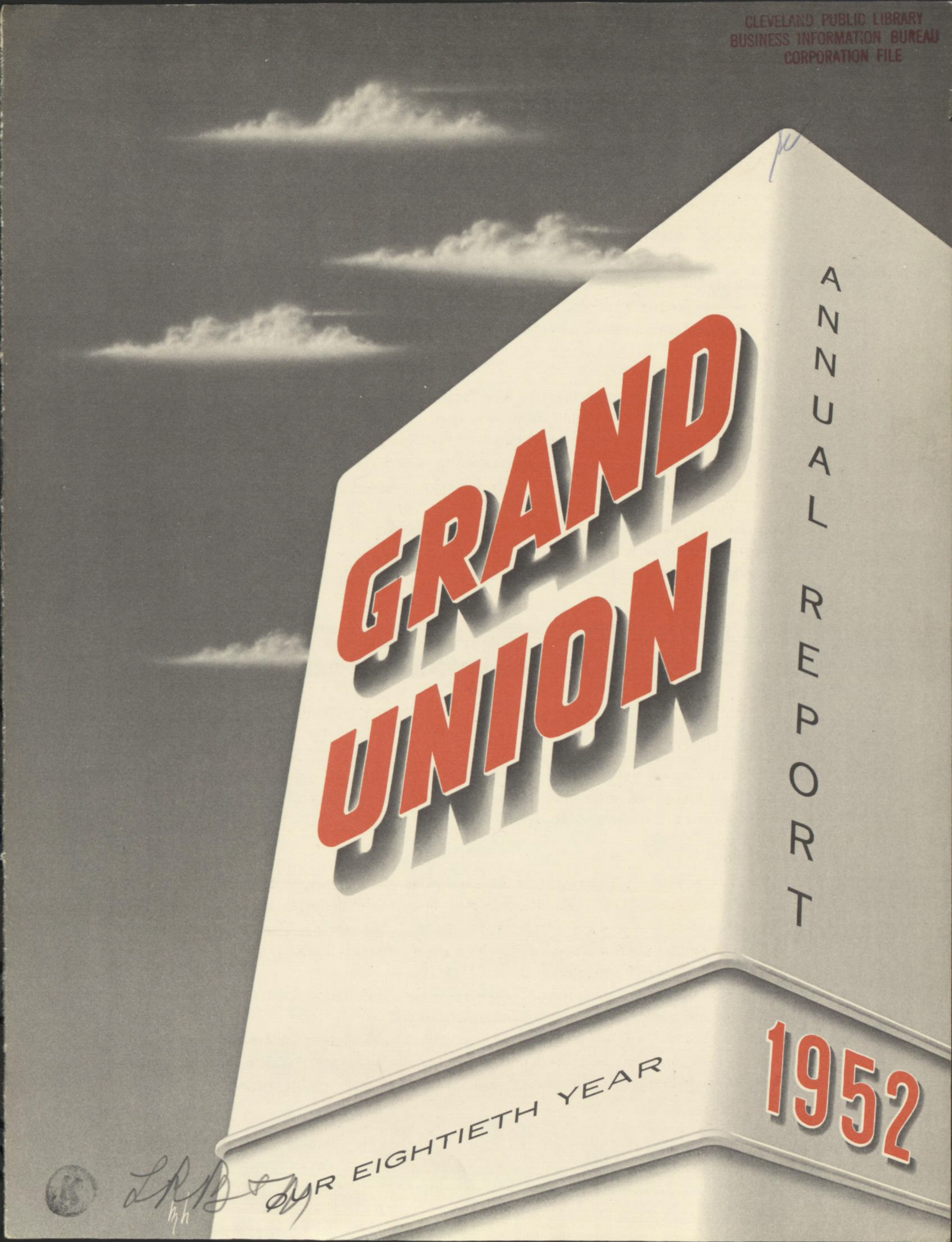
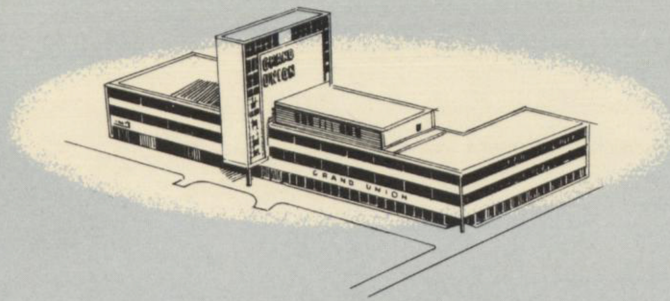

GRAND
UNION
ANNUAL REPORT
1952
OUR EIGHTIETH YEAR



LETTER FROM THE PRESIDENT

TO EACH GRAND UNION STOCKHOLDER:

Grand Union's 80th year ended on February 28th. How did the company do in 1952? What were our sales and profits? What advances did we make? How do things look for the year ahead?

These and other questions undoubtedly are in your mind as you review this report for the fiscal year.

SALES AND PROFITS

It is a pleasure to report that total sales for The Grand Union Company continued to climb to a record high of $184,056,855 and that the sales trend in the closing months of the year was indicative of larger gains for 1953. This all time high was attained at a time when the company was consolidating advances made over recent years and strengthening itself for the future. During the year, concerted effort was given to raising the sales level in the existing markets of the company.

Earnings after taxes were $1,726,276 compared with $1,801,358 for the preceding year. Earnings per common share after payment of preferred dividends amounted to $2.36 per share on the 621,737 common shares outstanding on February 28, 1953, as compared with $2.58 per share for the preceding period on the basis of the same number of shares outstanding.

DIVIDENDS

Cash dividends of $1.00 per share and a common stock dividend of 5% were distributed during the year to holders of common stock. Regular dividends of $2.25 per share were paid to holders of preferred stock. At a Directors' meeting on April 9, 1953, there was declared a 5% common stock dividend in addition to the regular quarterly 25¢ cash dividend, both to be distributed on May 28, 1953.

WORKING CAPITAL

An arrangement was concluded with the Prudential Insurance Company for a long-term loan of $3,000,000 at an annual interest rate of 3⅞%. Proceeds were used to retire $1,000,000 of short-term obligations and to increase working capital.

HIGHLIGHTS OF THE YEAR

One of the most significant events of the year was the official opening of the Headquarters store in the Elmwood Shopping Center at East Paterson, New Jersey. One of the largest supermarkets in the East, this modern store pioneered a new type of store layout in the industry. This supermarket has been extremely successful and in addition has provided many opportunities for closely supervised experimental merchandising by the Headquarters staff.

Seven new markets were opened, 12 major renovations of stores completed, 127 minor renovations undertaken, and 5 stores air conditioned during the past year.

Throughout the year, the management has continued its efforts to strengthen the personnel of the Company. The Company is fortunate in the quality, character, and potential of the men who are members of our management team. Special comment should be made about the loyalty, competency, and coopera-

tion of personnel throughout the entire organization. The personnel department has expanded its training program. In addition to the centralized training schools many localized training programs are now in effect.

A new hospital-medical-surgical program has been instituted for all employees of the company. This plan is reputed to be the finest in the industry and the number of our employees joining the plan has more than doubled over that of the previous program.

Grand Union has been a leader in developing the sale of non-foods. In 1952, the non-foods merchandising department at Grand Union was strengthened and became an equal partner with the meat, grocery, and produce merchandising departments.

ROUTE DIVISION

As a result of extensive changes made in the operation of the Route Division throughout 1952, this division of the company made considerable progress. The highest average sales per route in the history of the Route Division was achieved during the closing months in 1952. Recent advances in coffee prices will be an adverse influence affecting the Route Division during the coming months.

FOOD-O-MAT CORPORATION

During the year, the Food-O-Mat Corporation has developed a new deluxe type Food-O-Mat which is finding increasing acceptance among supermarket operators. In addition, a new aisle type Drug-O-Mat has been developed for use in supermarkets, drug stores, department stores, and specialty shops and has just been placed on the market. The warehouse type Food-O-Mat unit is taking on increasing importance. Installations were placed recently in the E. I. duPont de Nemours Company warehouse at Baltimore, Maryland and in the General Electric plant at Pittsfield, Massachusetts.

WHAT'S AHEAD

The year 1953 finds our industry operating in a changed political climate. In Washington, we now have an administration which has indicated that it will play fair with business if business plays fair with the public. Relief from price controls has been obtained and the housewife has been reinstated in her historic position as the chief and best price controller.

The free enterprise system is being given a chance to work again. As the laws of supply and demand are permitted to operate, we may expect increasing competition among retailers which in the long run will benefit both the chain store industry and the consumer. Providing there is no major change in business conditions the Company should make progress in 1953.

We expect to open more supermarkets during this fiscal year than in any one year of the Company's history. At the present time, plans call for approximately 20 new locations in New Jersey, Long Island, Westchester, Connecticut, Massachusetts, Vermont, and in central and northern New York State. Most of these markets are being opened in major shopping centers.

The Company is continuing its present program of modernizing and improving existing stores by remodeling, installation of modern equipment and air conditioning.

With the continuing constructive counsel of the members of the Board of Directors and the loyal support of our stockholders we at Grand Union are looking forward to the development of an increasingly successful company.

Yours very truly,

April 29, 1953

Lansing P. Shield

Lansing P. Shield

the **GRAND UNION** *company*

ASSETS

Current assets:	Feb. 28, 1953	Mar. 1, 1952
Cash	$ 4,744,180	$ 4,082,554
United States Government securities, at cost, which approximates market	1,997,456	—
Accounts receivable, less allowance for losses: 1953, $82,806; 1952, $97,805	1,211,957	1,118,904
Inventories at the lower of cost or market:		
Merchandise	12,946,446	14,104,668
Premiums	939,988	993,803
Total current assets	21,840,027	20,299,929
Warehouse and store properties, at cost, less allowance for depreciation: 1953, $99,764; 1952, $44,057	2,668,999	2,299,312
Fixtures and equipment, at cost, less allowance for depreciation: 1953, $3,620,521; 1952, $3,183,632	7,927,142	7,425,585
Leasehold improvements in stores and offices, at cost, less allowance for amortization: 1953, $194,881; 1952, $46,994	1,005,660	584,958
Premiums advanced to customers, less allowance for losses: 1953, $133,588; 1952, $151,756	825,744	785,594
Operating and construction supplies	689,509	846,598
Prepaid expenses, etc.	289,550	443,027
Good will	1	1
	$ 35,246,632	$ 32,685,004

The accompanying notes are an i

NOTES TO FINAN

1. Promissory Notes payable at February 28, 1953 aggregate $8,750,000 comprising:

   $3,250,000 due $250,000 per annum commencing December 1, 1953 and the balance of $1,000,000 on December 1, 1962; interest 3⅜% per annum.

   $2,500,000 due $175,000 per annum commencing February 1, 1956 and the balance of $750,000 on February 1, 1966; interest 3% per annum.

   $3,000,000 due $210,000 per annum commencing February 1, 1958 and the balance of $900,000 on February 1, 1968; interest 3⅞% per annum.

   The Company has agreed among other things, that payments for net acquisitions of its stocks and (effective March 2, 1954) for cash dividends will be limited in the aggregate to 75% of its net earnings after March 1, 1952. Since February 29, 1952, 75% of the Company's net earnings have exceeded such payments by approximately $250,000. Cash dividends paid prior to March 2, 1954 are subject to similar restrictions with respect to net earnings after August 26, 1950.

and its subsidiaries **CONSOLIDATED BALANCE SHEETS** 1952

LIABILITIES

	Feb. 28, 1953	Mar. 1, 1952
Current liabilities:		
Bankers acceptances	$ 552,902	$ 883,775
Note payable to bank	—	500,000
Portion of Promissory Notes due in one year (Note 1)	250,000	250,000
Accounts payable, accrued expenses, etc.	7,119,917	7,258,389
Provision for federal taxes on income	1,461,929	1,459,767
Total current liabilities	9,384,748	10,351,931
Promissory Notes payable, less portion due within one year (Note 1)	8,500,000	5,750,000
Mortgages payable	164,939	188,439
Employees' fidelity deposits	143,367	156,254
Reserve for self-insurance	160,556	127,228
	$ 18,353,610	$ 16,573,852

CAPITAL

4½% Cumulative Preferred Stock, $50 par value, entitled on redemption or voluntary liquidation to $52 per share; authorized 116,000 shares, issued 115,529 shares	$ 5,776,450	$ 5,776,450
Common Stock, $10 par value, authorized 900,000 shares, issued 622,368 shares (1953); 592,059 shares (1952) (Note 2)	6,223,680	5,920,590
Capital surplus, as annexed	2,247,343	1,667,887
Earned surplus, as annexed (Note 1)	2,745,677	2,750,227
	16,993,150	16,115,154
Less, Treasury stock at cost (Note 6)	100,128	4,002
	$ 16,893,022	$ 16,111,152
	$ 35,246,632	$ 32,685,004

ntegral part of these balance sheets.

CIAL STATEMENTS

2. 66,766 shares of Common Stock are reserved for issuance under an employees' restricted stock option plan. Options, expiring on or before December 31, 1960, were outstanding at February 28, 1953, covering 53,892 shares at a price of $26.70 or $26.93 each (95% of market price at dates options were granted, after adjustment for stock dividend declared April 10, 1952).
3. The Company has 136 leases expiring after February 29, 1956. The minimum annual rentals on such leases aggregate approximately $1,517,000.
4. Costs and expenses include depreciation and amortization of $1,112,730 and $970,383 for the periods ending in 1953 and 1952, respectively.
5. At February 28, 1953, the Company was contingently liable under letters of credit in the approximate total of $102,000.
6. Treasury stock consists of 631 shares common ($4,255) and 2,180 shares preferred ($95,873) at February 28, 1953; 622 shares common at March 1, 1952.

1952

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

	Fifty-two Weeks Ended Feb. 28, 1953	Fifty-two Weeks Ended Mar. 1, 1952
Net sales	**$184,056,855**	**$179,395,000**
Cost of sales	151,872,445	148,260,852
Gross profit	$ 32,184,410	$ 31,134,148
Selling, general and administrative expenses:		
Salaries, commissions and bonuses to employees in the sales departments	$ 16,537,927	$ 15,948,354
Advertising, delivery and other selling expenses	7,191,286	6,630,910
Rents for retail outlets	1,808,638	1,667,074
Administrative and general expenses	2,135,329	2,160,097
Taxes, other than federal taxes on income	944,333	977,213
Contributions under employees' retirement plan	175,000	205,000
Provisions for bad debts and losses on premiums advanced to customers	131,661	226,800
	$ 28,924,174	$ 27,815,448
	$ 3,260,236	$ 3,318,700
Other deductions (including interest expense), net	208,960	232,342
Income before provision for federal taxes thereon	3,051,276	3,086,358
Provision for federal income taxes (less, for the Mar. 1, 1952 period, a $210,000 reduction of the preceding year's provision for excess profits tax under the carry-back provisions of the Internal Revenue Code)	1,325,000	1,285,000
Net income	**1,726,276**	**1,801,358**
Earned surplus at beginning of period	2,750,227	7,504,217
	4,476,503	9,305,575
Deduct, Dividends:		
On Common Stock:		
In cash, $1 per share	613,303	584,497
In Common Stock (based on market price on record date)	858,342	—
In 4½% Cumulative Preferred Stock	—	5,776,450
On 4½% Cumulative Preferred Stock, in cash	259,181	194,401
Earned surplus at end of period (Note 1)	$ 2,745,677	$ 2,750,227

The accompanying notes are an integral part of this statement.

1952

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

	Fifty-two Weeks Ended Feb. 28, 1953	Fifty-two Weeks Ended Mar. 1, 1952
Balance, beginning of period	$ 1,667,887	$ 1,342,155
Add:		
Excess of earned surplus capitalized in connection with stock dividend over the par value of shares issued	562,362	—
Excess of market over par value of shares of Common Stock issued to Great Eastern Stores in exchange for that company's assets and assumption of its liabilities	16,319	325,407
Excess of amounts received over par value of shares of Common Stock issued under employees' stock option plan (Note 2)	775	325
Balance, close of period	$ 2,247,343	$ 1,667,887

The accompanying notes are an integral part of this statement.

The **GRAND UNION** Company,

100 Broadway, East Paterson, N. J.

OFFICERS

LANSING P. SHIELD, *President*

HUGH J. DAVERN, *Vice President*
GARLAND MILBURN, *Vice President*
WILLIAM H. PREIS, *Vice President*

LOUIS C. WADMOND, *Vice President*
LLOYD W. MOSELEY, *Secretary*
THOMAS C. BUTLER, *Treasurer*

DIRECTORS

THOMAS C. BUTLER
HUGH J. DAVERN
LOUIS A. GREEN
IRVING KAHN
E. CLARK MAUCHLY

GARLAND MILBURN
RAY MORRIS
JOHN E. RAASCH
THOMAS J. SHANAHAN
LANSING P. SHIELD

TRANSFER AGENT

The Chase National Bank
of the City of New York
11 Broad Street, New York, N. Y.

REGISTRAR

Bank of the Manhattan Company
40 Wall Street, New York, N. Y.

AUDITORS' REPORT

The Grand Union Company, East Paterson, N. J.

We have examined the consolidated balance sheets of THE GRAND UNION COMPANY and its Subsidiaries as of February 28, 1953 and March 1, 1952 and the related consolidated statements of income and earned surplus and of capital surplus for the fifty-two week periods then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and related statements of income and earned surplus and of capital surplus present fairly the consolidated financial position of THE GRAND UNION COMPANY and its Subsidiaries at February 28, 1953 and March 1, 1952 and the consolidated results of their operations for the respective periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

New York, April 20, 1953.

Lybrand, Ross Bros. & Montgomery